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THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

October 27, 2003

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

A handwritten signature in dark ink, appearing to read "Thomas L. Garthwaite", is written over the printed name and title.

SUBJECT: IMPROVING MANAGED CARE PLAN COLLECTIONS

As referenced in my July 11, 2003 memo to you, this is to provide an update on our progress in improving managed care and health care plan billing and collections.

- The Ad Hoc Committee, comprised of County Counsel, facility designated physicians, Patient Financial Services Directors, Chief Financial Officers, and Utilization Review (UR) Directors, continues to meet on a monthly basis to review the current facility procedures, identify ways to improve the authorization process, develop revised policies and procedures, and enrich the knowledge base of physicians and other designated facility personnel through a training program.

Rancho's UR Director will be demonstrating to the Committee the usage of the Affinity Utilization Management (UM) module with regards to inputting authorization and telephone contact with health care plans. It is envisioned that utilizing the Affinity UM module at the remaining facilities will assist in reducing and improve our ability to timely retrieve authorization verification when needed.

- Maxicare notified DHS that the payment of the accepted settlement offer of \$2.6 million is targeted to be made in December 2003.
- Revenue Management (RM) and County Counsel are continuing settlement negotiations with Universal Care.
- On July 15, 2003, DHS received the balance of the \$2,793,462 settlement (67% of plan liability for inpatient and 33.1% of plan liability for outpatient) from Molina of \$2,293,462 for all outstanding emergency services contract claims for dates of service from November 15, 1995 through December 31, 2002 for all facilities, except Martin Luther King, Jr./Drew (MLK/D) and LAC + USC Medical Centers, whose dates of service were through

October 31, 2002. Molina is currently adjudicating the remaining Calendar Year (CY) 2002 claims for MLK/Drew and LAC + USC as well as claims for January through September 2003 dates of service.

Additionally, Molina's counsel and County Counsel have begun developing and reviewing contract language in an effort to expedite a new contract arrangement. On September 23 and 24, 2003, our Molina contract negotiating team comprised of RM, Contract Administration, and County Counsel met with Molina representatives to review contract language and begin discussing proposed rates. Currently, RM is in the process of analyzing the rates and will respond back to Molina within the next couple of weeks.

- RM and County Counsel continue to participate in the Watts Creditors' Committee to resolve outstanding pre-conservatorship claims. It is anticipated that DHS will receive its initial payment of approximately \$645,617 by the end of December 2003, which represents 33% of our allowed claim totaling \$1,956,416.
- RM and Care 1st are in the process of scheduling their semi-annual training at each facility for the end October 2003.
- On Monday, September 29, 2003, DHS Finance met with Blue Cross' Vice-President to discuss claims resolution for the contracted emergency services claims for dates of service July 17, 2001 through June 30, 2003. It was agreed that Blue Cross would immediately begin adjudicating those claims, with hopes of completion by the end of October 2003. Additionally, Blue Cross also indicated that the remaining contracted emergency services claims, with dates of service July 1, 2003 through September 30, 2003, would be adjudicated by the end of November 2003. To avoid backlogs, Blue Cross requested monthly claims resolution meetings with RM to ensure that claim issues are resolved expeditiously.
- RM continues to participate in facility Ambulatory Care Council meetings to review and present managed care plan procedures.
- On October 15, 2003, RM, Facility PHP Physician Advisors and LAC + USC's UR Director met with Health Net's Medical Director and CFO to resolve medical issues and reach resolution on the CY 2001 outstanding emergency services claims. Health Net indicated that an offer would be forthcoming within the next couple of weeks. Once the offer is approved, Health Net would immediately begin adjudicating the CY 2002 emergency services claims with hopes of completion by the end of December 2003.

The Department will continue to provide quarterly reports to the Board on our progress in improving managed care plan billing and collection. We plan to provide the next report in January 2004. If you have questions, please let me know.

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c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller